

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

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NATHANIEL AGUDELO, HELEN OWNES,  
HOLLY KEITH, and AMANDA COOPER, on  
behalf of themselves and others similarly  
situated,

*Plaintiffs, and Lead  
Plaintiffs for the  
Proposed Class*

-against-

RECOVCO MORTGAGE MANAGEMENT  
LLC, SPROUT MORTGAGE LLC, MICHAEL  
STRAUSS, CHRISTOPHER WRIGHT, and  
ELLIOT SALZMAN,

*Defendants.*  
-----X

Civ. No.: 22-cv-4004

**NOTICE OF SUGGESTION OF BANKRUPTCY FOR  
SPROUT MORTGAGE, LLC AND  
AUTOMATIC STAY OF PROCEEDINGS**

**PLEASE TAKE NOTICE** that, on July 7, 2023, an involuntary petition against Sprout Mortgage, LLC (“Debtor”) was filed under chapter 7 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”). A copy of the involuntary petition against the Debtor is attached hereto as **Exhibit A**.

**PLEASE TAKE FURTHER NOTICE** that pursuant to section 362(a) of the Bankruptcy Code, the filing of the involuntary petition against Debtor gives rise to a stay of among other things: (a) the commencement or continuation of any judicial, administrative, or other action or proceeding against the Debtor (i) that was or could have been commenced before the commencement of the Bankruptcy Court case or (ii) to recover a claim against the Debtor that arose before the commencement of the Bankruptcy Court case; (b) the enforcement, against the Debtor or against any property of the Debtor’s bankruptcy estates, of a judgment obtained prior to

the commencement of the Bankruptcy Court case; and (c) any act to obtain possession of property of or from any of the Debtor's bankruptcy estates, or to exercise control over property of any of the Debtor's bankruptcy estates.<sup>1</sup> No order has been entered in the Bankruptcy Court case granting relief from the automatic stay.

**PLEASE TAKE FURTHER NOTICE** that additional information regarding the status of the Debtor's Bankruptcy Court case may be obtained by visiting the Court's website at <https://www.nyeb.uscourts.gov/> (PACER login and password required) in accordance with the procedures and fees set forth therein.

**PLEASE TAKE FURTHER NOTICE** that contempt proceedings may be initiated against any party who participates in a violation of the automatic stay, and, pursuant to the provisions of the Bankruptcy Code, the Bankruptcy Court may award actual damages, including costs and attorneys' fees (and, in some circumstances, punitive damages) to compensate the Debtor for losses arising out of violations of the automatic stay.

**WHEREFORE**, the Debtor therefore requests that the above-captioned matter be taken off the Court's active calendar pending resolution of the Debtor's Bankruptcy Court case.

Dated: Melville, New York  
July 12, 2023

Respectfully submitted,  
JACKSON LEWIS P.C.  
*ATTORNEYS FOR DEFENDANTS*  
58 South Service Rd., Ste. 25-  
Melville, New York 11747  
(631) 247-4660  
[marc.wenger@jacksonlewis.com](mailto:marc.wenger@jacksonlewis.com)

By: s/ Marc S. Wenger  
Marc S. Wenger, Esq.

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<sup>1</sup> Nothing herein shall constitute a waiver of the Debtor's rights to assert any claims, counterclaims, defenses, rights of setoff or recoupment, or any other claims against any party to the above-captioned cases. The Debtor expressly reserve all rights to contest any claims that may be asserted against the Debtor.

# EXHIBIT A

## Fill in this information to identify the case:

United States Bankruptcy Court for the:

Eastern District of New York  
(State)

Case number (if known): Chapter 7

☐ Check if this is an amended filing

## Official Form 205

## Involuntary Petition Against a Non-Individual

12/15

Use this form to begin a bankruptcy case against a non-individual you allege to be a debtor subject to an involuntary case. If you want to begin a case against an individual, use the *Involuntary Petition Against an Individual* (Official Form 105). Be as complete and accurate as possible. If more space is needed, attach any additional sheets to this form. On the top of any additional pages, write debtor's name and case number (if known).

**Part 1: Identify the Chapter of the Bankruptcy Code Under Which Petition Is Filed**

## 1. Chapter of the Bankruptcy Code

Check one:

- ☒ Chapter 7  
☐ Chapter 11

**Part 2: Identify the Debtor**

## 2. Debtor's name

Sprout Mortgage, LLC

## 3. Other names you know the debtor has used in the last 8 years

Include any assumed names, trade names, or doing business as names.

## 4. Debtor's federal Employer Identification Number (EIN)

☐ Unknown

EIN

## 5. Debtor's address

## Principal place of business

90 Merrick Avenue

Number Street

Fresh Meadows  
CityNY  
State11554  
ZIP CodeNassau County  
County

## Mailing address, if different

Number Street

P.O. Box

City State ZIP Code

## Location of principal assets, if different from principal place of business

Number Street

City State ZIP Code

Debtor Sprout Mortgage LLC  
Name

Case number (if known) \_\_\_\_\_

6. Debtor's website (URL) \_\_\_\_\_

7. Type of debtor

- ☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))  
☐ Partnership (excluding LLP)  
☐ Other type of debtor. Specify: \_\_\_\_\_

8. Type of debtor's business

Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))  
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))  
☐ Railroad (as defined in 11 U.S.C. § 101(44))  
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))  
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))  
☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))  
☒ None of the types of business listed.  
☐ Unknown type of business.

9. To the best of your knowledge, are any bankruptcy cases pending by or against any partner or affiliate of this debtor?

☒ No☐ Yes. Debtor \_\_\_\_\_

Relationship \_\_\_\_\_

District \_\_\_\_\_ Date filed \_\_\_\_\_  
MM / DD / YYYY

Case number, if known \_\_\_\_\_

Debtor \_\_\_\_\_

Relationship \_\_\_\_\_

District \_\_\_\_\_ Date filed \_\_\_\_\_  
MM / DD / YYYY

Case number, if known \_\_\_\_\_

**Part 3: Report About the Case**

10. Venue

Check one:

- ☒ Over the last 180 days before the filing of this bankruptcy, the debtor had a domicile, principal place of business, or principal assets in this district longer than in any other district.  
☐ A bankruptcy case concerning debtor's affiliates, general partner, or partnership is pending in this district.

11. Allegations

Each petitioner is eligible to file this petition under 11 U.S.C. § 303(b).

The debtor may be the subject of an involuntary case under 11 U.S.C. § 303(a).

At least one box must be checked:

- ☒ The debtor is generally not paying its debts as they become due, unless they are the subject of a bona fide dispute as to liability or amount.  
☐ Within 120 days before the filing of this petition, a custodian, other than a trustee, receiver, or an agent appointed or authorized to take charge of less than substantially all of the property of the debtor for the purpose of enforcing a lien against such property, was appointed or took possession.

12. Has there been a transfer of any claim against the debtor by or to any petitioner?

☒ No

- ☐ Yes. Attach all documents that evidence the transfer and any statements required under Bankruptcy Rule 1003(a).

Debtor Sprout Mortgage, LLC  
Name

Case number (if known) \_\_\_\_\_

13. Each petitioner's claim	Name of petitioner	Nature of petitioner's claim	Amount of the claim above the value of any lien
	<u>New Wave Leanding Group, Inc.</u>	<u>Flow Mortgage Loan Purchase and Sale Agreement.</u>	<u>\$ 561,501.60</u>
	<u>JMJ Financial Group</u>	<u>Flow Mortgage Loan Purchase and Sale Agreement.</u>	<u>\$ 198,670</u>
	<u>EF Mortgage LLC</u>	<u>Flow Mortgage Loan Purchase and Sale Agreement.</u>	<u>\$ 585,475.40</u>
	Total of petitioners' claims		<u>\$ 1,345,647</u>

If more space is needed to list petitioners, attach additional sheets. Write the alleged debtor's name and the case number, if known, at the top of each sheet. Following the format of this form, set out the information required in Parts 3 and 4 of the form for each additional petitioning creditor, the petitioner's claim, the petitioner's representative, and the petitioner's attorney. Include the statement under penalty of perjury set out in Part 4 of the form, followed by each additional petitioner's (or representative's) signature, along with the signature of the petitioner's attorney.

**Part 4: Request for Relief**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Petitioners request that an order for relief be entered against the debtor under the chapter of 11 U.S.C. specified in this petition. If a petitioning creditor is a corporation, attach the corporate ownership statement required by Bankruptcy Rule 1010(b). If any petitioner is a foreign representative appointed in a foreign proceeding, attach a certified copy of the order of the court granting recognition.

I have examined the information in this document and have a reasonable belief that the information is true and correct.

**Petitioners or Petitioners' Representative****Name and mailing address of petitioner**

New Wave Lending Group, Inc.  
Name  
1199 Fairway Drive  
Number Street  
City of Industry California 91789  
City State ZIP Code

**Name and mailing address of petitioner's representative, if any**

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Number Street  
\_\_\_\_\_  
City State ZIP Code

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 06/30/2023  
MM / DD / YYYY

x [Signature] CEO  
Signature of petitioner or representative, including representative's title

**Attorneys**

ALBENA PETRAKOV  
Printed name  
Offit Kurman  
Firm name, if any  
590 Madison Ave, 6th Floor  
Number Street  
New York NY 10022  
City State ZIP Code  
Contact phone 212-380-4106 Email apetrakov@offitkurman.com  
Bar number 4823274  
State NY

x [Signature]  
Signature of attorney

Date signed 07/03/2023  
MM / DD / YYYY

Debtor

Sprout Mortgage, LLC

Name

Case number (if known)

## Name and mailing address of petitioner

EF Mortgage LLC

Name

711 Third Avenue, Suite 501

Number Street

New York

New York

10017

City

State

ZIP Code

## Name and mailing address of petitioner's representative, if any

Name

Number Street

City

State

ZIP Code

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

MM / DD / YYYY

x

Signature of petitioner or representative, including representative's title

## Name and mailing address of petitioner

JMJ Financial Group

Name

26800 Aliso Viejo Parkway, Suite 200

Number Street

Aliso Viejo,

California

92656

City

State

ZIP Code

## Name and mailing address of petitioner's representative, if any

Name

Number Street

City

State

ZIP Code

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

07 01 2023

MM / DD / YYYY

x

Signature of petitioner or representative, including representative's title

ALBENA PETRAKOV

Printed name

Offit Kurman

Firm name, if any

590 Madison Ave, 6th Floor

Number Street

New York

NY

10022

City

State

ZIP Code

Contact phone 212-380-4106

Email apetrakov@offitkurman.com

Bar number

State

x

Signature of attorney

Date signed

MM / DD / YYYY

Albena Petrakov

Printed name

Offit Kurman

Firm name, if any

590 Madison Ave, 6th Floor

Number Street

New York

NY

10022

City

State

ZIP Code

Contact phone

Email

Bar number

State

x

Signature of attorney

Date signed

MM / DD / YYYY

Debtor Sprout Mortgage, LLC  
Name

Case number (if known) \_\_\_\_\_

**Name and mailing address of petitioner**

EF Mortgage LLC

Name

711 Third Avenue, Suite 501

Number Street

New York

New York

10017

City

State

ZIP Code

**Name and mailing address of petitioner's representative, if any**  
**Daniel Margolis c/o Ellington Management Group**

Name

711 Third Ave, Suite 501

Number Street

New York

NY

10017

City

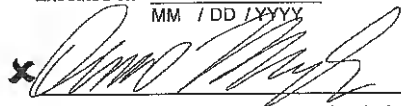
State

ZIP Code

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 06/30/2023

MM / DD / YYYY



**General Counsel**

Signature of petitioner or representative, including representative's title

ALBENA PETRAKOV

Printed name

Offit Kurman

Firm name, if any

590 Madison Ave, 6th Floor

Number Street

New York

NY

10022

City

State

ZIP Code

Contact phone 212-380-4108

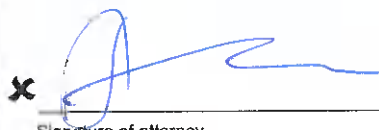
Email apetrakov@offitkurman.com

Bar number

48 23 274

State

NY



Signature of attorney

Date signed

07/03/2023

MM / DD / YYYY

**Name and mailing address of petitioner**

JMJ Financial Group

Name

26800 Aliso Viejo Parkway, Suite 200

Number Street

Aliso Viejo,

California

92656

City

State

ZIP Code

**Name and mailing address of petitioner's representative, if any**

Name

Number Street

City

State

ZIP Code

I declare under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_

MM / DD / YYYY



Signature of petitioner or representative, including representative's title

Albena Petrakov

Printed name

Offit Kurman

Firm name, if any

590 Madison Ave, 6th Floor

Number Street

New York

NY

10022

City

State

ZIP Code

Contact phone \_\_\_\_\_

Email \_\_\_\_\_

Bar number \_\_\_\_\_

State \_\_\_\_\_



Signature of attorney

Date signed \_\_\_\_\_

MM / DD / YYYY



**CERTIFICATE OF SERVICE**

I hereby certify that on July 12, 2023, **DEFENDANT SPROUT MORTGAGE LLC'S NOTICE OF SUGGESTION OF BANKRUPTCY FOR *SPROUT MORTGAGE, LLC* AND AUTOMATIC STAY OF PROCEEDINGS** was electronically filed with the Clerk of the Court using the CM/ECF System and caused to be served in accordance with the Federal Rules of Civil Procedure and the Eastern District's Local Rules, addressed to:

BRUCE E. MENKEN, ESQ.  
MENKEN SIMPSON & ROZGER LLP  
*ATTORNEYS FOR PLAINTIFFS*  
80 Pine St., 33<sup>rd</sup> Floor  
New York, NY 10005  
[bmenken@nyemployeeelaw.com](mailto:bmenken@nyemployeeelaw.com)

/s/ Marc S. Wenger  
Marc S. Wenger, Esq.